

HOUSE BILL No. 1133

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-25.

Synopsis: Rural community job creation tax credit. Provides a credit against state tax liability for certain taxpayers that create at least ten new full-time jobs at a site located in a rural community. Provides that the credit is equal to the greater of 20% of the total wages paid for the new jobs or 20% of the capital investment associated with the new jobs.

Effective: July 1, 2005.

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January 11, 2005, read first time and referred to Committee on Agriculture and Rural Development.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1133

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2005]:
4 **Chapter 25. Rural Community Job Creation Tax Credit**
5 **Sec. 1. As used in this chapter, "capital investment" means the:**
6 **(1) construction of a real property improvement; or**
7 **(2) installation of personal property;**
8 **by an eligible taxpayer in a rural community.**
9 **Sec. 2. As used in this chapter, "eligible taxpayer" means a**
10 **taxpayer that has less than three hundred (300) employees.**
11 **Sec. 3. As used in this chapter, "full-time employee" means an**
12 **individual who:**
13 **(1) is an Indiana resident; and**
14 **(2) either:**
15 **(A) is employed for consideration for at least thirty-five**
16 **(35) hours each week; or**
17 **(B) renders any other standard of service generally**

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accepted by custom or specified by contract as full-time employment.

Sec. 4. As used in this chapter, "pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) trust;
- (4) limited liability company; or
- (5) limited liability partnership.

Sec. 5. As used in this chapter, "place" means:

- (1) an incorporated area; or
- (2) a census designated place delineated cooperatively by state and local officials and the Bureau of the Census, using data from the most recent federal decennial census;

in Indiana.

Sec. 6. As used in this chapter, "rural community" means any area in Indiana that is outside:

- (1) an urbanized area; or
- (2) a place that intersects with an urbanized area.

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 27-1-18-2 (the insurance premiums tax); and
- (3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 8. As used in this chapter, "taxpayer" means a person, corporation, partnership, or other entity that has any state tax liability.

Sec. 9. As used in this chapter, "urbanized area" means an area consisting of:

- (1) one (1) or more central places (as determined by the Bureau of the Census) with a population of at least fifty thousand (50,000); and
- (2) any adjacent territory with a general population density of at least one thousand (1,000) people per square mile;

as determined by the most recent federal decennial census.

Sec. 10. This chapter applies to taxable years beginning after December 31, 2005.

Sec. 11. (a) Subject to the provisions of this chapter, an eligible taxpayer is entitled to a credit against the eligible taxpayer's state

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1 tax liability in the taxable year in which the eligible taxpayer
 2 employs at least ten (10) new full-time employees at a site located
 3 in a rural community.

4 (b) The amount of the credit allowed under this section is equal
 5 to the greater of:

6 (1) twenty percent (20%) of the total amount of wages paid to
 7 the new full-time employees in the taxable year; or

8 (2) twenty percent (20%) of the total amount of capital
 9 investment associated with the employment of the new
 10 full-time employees in the taxable year.

11 (c) An eligible taxpayer is not entitled to claim the credit
 12 provided by this section for an employee that the taxpayer
 13 relocates from one (1) site in Indiana to another site in Indiana.

14 (d) An eligible taxpayer may claim the credit under this chapter
 15 only if:

16 (1) the average wage paid by the eligible taxpayer to its
 17 Indiana employees within the county in which the new
 18 full-time employees are employed exceeds the average wage
 19 paid in that county; and

20 (2) the eligible taxpayer certifies to the department and
 21 provides proof as determined by the department that, after
 22 the employment of the new full-time employees, the average
 23 wage paid by the eligible taxpayer to its Indiana employees in
 24 the county in which the new full-time employees are employed
 25 will exceed the average wage paid in that county.

26 Sec. 12. To receive the credit provided by section 11 of this
 27 chapter, an eligible taxpayer must claim the credit on the eligible
 28 taxpayer's annual state tax return in the manner prescribed by the
 29 department. The eligible taxpayer shall submit to the department
 30 proof of the number of new full-time employees and all other
 31 information that the department determines is necessary to
 32 calculate the credit provided by this chapter.

33 Sec. 13. (a) If the amount determined under section 11 of this
 34 chapter for an eligible taxpayer exceeds the eligible taxpayer's
 35 state tax liability, the eligible taxpayer may carry over the excess
 36 for five (5) successive taxable years. The amount of the credit
 37 carryover from a taxable year is reduced to the extent that the
 38 eligible taxpayer uses the carryover to obtain a credit under this
 39 chapter for a subsequent taxable year.

40 (b) A credit earned by an eligible taxpayer in a particular
 41 taxable year shall be applied against the eligible taxpayer's state
 42 tax liability for that taxable year before any credit carryover is

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1 applied against that liability under subsection (a).

2 (c) An eligible taxpayer is not entitled to any carryback or
3 refund of any unused credit.

4 Sec. 14. If a pass through entity does not have state income tax
5 liability against which the tax credit may be applied, a shareholder
6 or partner of the pass through entity is entitled to a tax credit equal
7 to:

8 (1) the tax credit determined for the pass through entity for
9 the taxable year; multiplied by

10 (2) the percentage of the pass through entity's distributive
11 income to which the shareholder or partner is entitled.

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